



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

File  
Norman H. Bangerter, Governor  
Dee C. Hansen, Executive Director  
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

August 19, 1985

CERTIFIED RETURN RECEIPT REQUESTED  
P-592-429-572

Mr. Neil J. Mortensen, President  
Western Clay Company  
P.O. Box 1067  
Aurora, Utah 84620

Dear Mr. Mortensen:

RE: Bond Estimate, Western Clay Company, Redmond Bentonite Pit,  
ACT/041/012, Sevier County, Utah

Information and cost estimates provided by Western Clay on August 5, 1985 are sufficient for determination of the bond amount. The only additional calculation involves the inflation of the estimated amount:

|   |            |
|---|------------|
| TOTAL ESTIMATE (1985\$) BY WESTERN CLAY           | \$6,911.80 |
| INFLATION @ 3.79% PER YEAR (MEANS COST DATA)      |            |
| INFLATED TO 1986\$ -                              | \$7,173.76 |
| TOTAL AMOUNT IN 1986\$ ROUNDED TO NEAREST \$100 = | \$7,200.00 |

Western Clay currently has sureties held by the Division of State Lands and Forestry for the Redmond Bentonite Pit (ML1937) in the amounts as follows:

1. Certificate of Deposit Number \_\_\_\_\_ for \$5,000 from Zions First National Bank
2. Time Deposite Accounting Number \_\_\_\_\_ for \$2,000 from First Security Bank

Additionally, the Division of Oil, Gas and Mining is holding the following surety amount:

1. Time Certificate of Deposit Number \_\_\_\_\_ for \$1,000 from Zions First National Bank



Page 2  
Mr. Neil J. Mortensen  
ACT/041/012  
August 19, 1985

This total of \$8,000 represents reclamation costs in 1986\$ for the currently approved reclamation plan. Rounding the 1986\$ bonding amount required for the new pit, the additional amount would be \$7,200, for a total amount required to be posted of \$15,200 in 1986\$.

The minimum amount of surety required at present is \$15,200 in 1986\$. However, Western Clay may extend the surety term for a period longer than 1 year. The following escalation schedule (rounded to the nearest \$100) is provided if Western Clay desires to use such an option. Note that the bond amount posted must be estimated in dollars equal to the year that the term would expire.

| AMOUNT REQ'D. | DOLLARS |
|---------------|---------|
| \$15,200.00   | 1986\$  |
| \$15,800.00   | 1987\$  |
| \$16,400.00   | 1988\$  |
| \$17,000.00   | 1989\$  |
| \$17,600.00   | 1990\$  |

Western Clay has requested information regarding usage of an irrevocable letter of credit in lieu of certificates of deposit. This alternate method of bonding is acceptable to the Division with the following requirements:

1. The letter may be issued only by a bank organized or authorized to do business in the United States.
2. Letters of credit shall be irrevocable during their terms. A letter of credit used as security in areas requiring continuous bond coverage shall be forfeited and shall be collected by the Division if not replaced by other suitable bond or letter of credit at least 30 days before its expiration date.
3. The letter of credit shall be payable to the Division upon demand, in part or full, upon receipt from the Division of a notice of foreclosure forfeiture issued in accordance with Rule M-5.



Page 3  
Mr. Neil J. Mortensen  
ACT/041/012  
August 16, 1985

It appears acceptable to the Division that the existing amounts held by the State could be released upon receipt and acceptance of an irrevocable letter of credit. This would help eliminate the multiple accounts held by the State and also simplify both Western Clay's and the Division's process of tracking the surety for the operation.

Please let us know your decision on this as soon as possible so that we may make arrangements with State Lands for the change in the surety amount.

Additionally, Mr. Garrick has only submitted draft copies of the responses to the Division's comments concerning the proposed new pit. Please submit two copies of your finalized response along with copies of your maps and plans for the proposed pit.

It has also come to our attention that we do not have a copy of your Annual Operations and Progress Report as required by the Division. Please find enclosed, a copy of the letter requesting completion of the report and a copy of form MR-3 to be completed.

Final approval of the proposed pit shall be subject to receipt and approval of the new bond amount by the Division, finalized copies of Western Clay's responses and also upon receipt of the required annual report. Thank you for your timeliness and cooperation in this matter. Should you have any questions please feel free to call.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Randall Harden", with a long horizontal flourish extending to the right.

J. Randall Harden  
Reclamation Engineer

JRH:jvb  
Enclosures  
cc: L. Braxton  
S. Linner  
P. Grughbaugh-Littig  
1011R-3





STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

Scott M. Matheson, Governor  
Temple A. Reynolds, Executive Director  
Dianne R. Nielson, Ph.D., Division Director

January 8, 1985

Mr. Neil Mortensen  
Western Clay Company  
P. O. Box 1067  
Aurora, Utah 84620

Dear Mr. Mortensen:

RE: Annual Report MR-3, Redmond Bentonite Pit, ACT/041/012,  
Sevier County, Utah

Please complete the enclosed Annual Operations and Progress Report (MR-3) and return it to the Division no later than March 31, 1985. I realize this form is being used by a wide range of operations and there may be an item that does not apply to your mining operation. If this is the case, please indicate on the form.

Your prompt attention in this matter is appreciated. If you have any questions, please call Pamela Grubaugh-Littig or myself.

Thank you.

Respectfully,

Ronald W. Daniels  
Acting Administrator  
Mineral Resource Development  
and Reclamation Program

PGL/btb  
Enclosure  
cc: Dianne Nielson  
Pam Grubaugh-Littig  
0077R